

Public Information Summary

Host Territory	West Bank
Name of Borrower	Bank of Palestine PLC
Project Description	Direct loan for on-lending to SMEs in the West Bank
Proposed DFC Loan	\$100 million
All-Source Funding Total	\$125 million
Policy Review	
Developmental Objectives	<p>The Palestinian Territories' economy is currently experiencing one of the largest shocks in recent economic history, having lost over \$2.5 billion in GDP in 2023. SMEs, which represent most enterprises in the West Bank, are responsible for most employment, and are considered especially vulnerable to this conflict-based economic disruption due to their limited capacity and resources to withstand socioeconomic shocks.</p> <p>In response to this challenge, the Project will have a positive development impact in the Palestinian Territories by increasing access to finance for SMEs. The Project is expected to facilitate both new SME lending in the West Bank and the restructuring of existing loans to SMEs adversely impacted by the ongoing economic crisis, enabling these enterprises to continue operating and ultimately support the West Bank's economic recovery. The Bank is an experienced lender in this segment with a history of successfully reaching underserved groups through DFC projects. Given the Project's characteristics, it is categorized as Impactful per DFC's Impact Quotient.</p>
Environment and Social Assessment	<p>The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loans to financial institutions for small and medium enterprise on-lending are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Bank's investments are consistent with the DFC's statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.</p>

	<p>Under the DFC’s ESPP, the Bank is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support to provide emergency liquidity for a financial institution in the West Bank, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Bank does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered.</p> <p>The Bank has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening meet the expectations listed in the DFC’s 2020 Environmental Policy and Procedures and IFC PS 1.</p>
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